

Inter-American Foundation  
Meeting of the Board of Directors  
May 02, 2016

The board of directors of the Inter-American Foundation (IAF) met at 1331 Pennsylvania Avenue, NW, Washington, DC 20004, on May 02, 2016. Board members present were Eddy Arriola, chair; Juan Carlos Iturregui, member; and Luis A. Viada, member. Members Kelly Ryan and Roger Wallace attended via teleconference. IAF advisory council chair, Amb. Alexander Watson was also in attendance. IAF staff members in attendance were Robert Kaplan, president; Stephen Cox, managing director for networks and strategic initiatives; Lesley Duncan, chief operating officer; Marcy Kelley, managing director for grants and portfolio management; Paul Zimmerman, general counsel; and Karen Vargas, executive assistant. In addition, IAF foundation representatives for Colombia Jenny Petrow and Juanita Roca joined for part of the meeting. Manuel Nuñez, managing director for external and government affairs participated in part of the meeting via teleconference.

**I. CALL TO ORDER**

Board chairman Eddy Arriola called the meeting to order at 9:06 a.m.

**II. APPROVAL OF THE MINUTES**

Ms. Kelly Ryan motioned to approve the last meeting minutes, Mr. Roger Wallace seconded her motion. Chairman Arriola moved to approve the minutes of the last meeting. The minutes of the meeting on November 09, 2015 of the IAF board of directors and advisory council were approved and adopted by a unanimous voice vote.

**III. WELCOME TO TWO NEW BOARD MEMBERS**

Chairman Arriola welcomed Juan Carlos Iturregui and Luis A. Viada to the board of directors and administered their oath of office.

**IV. MANAGEMENT REPORT**

**A. Overview and Highlights (Robert Kaplan)**

April management report. IAF president Kaplan outlined the agenda and noted that, given the timing of the meeting, the April management report sent on May 1 was not included in the briefing

book. He reviewed the financial and grants summary tables in the April management report, and used the financial table to brief the new board members on the trendlines of the principal sources for the IAF's annual operating budget over the last several years.

FY16 appropriation. Kaplan noted that the IAF received an appropriation of \$22.5 million for FY16, which is equal to appropriations since FY10 with the exception of the budget sequestration in 2013. The FY16 consolidated appropriations act also authorized a transfer to the IAF of up to \$15 million for support of the United States Strategy for Engagement in Central America. The transfer would come from the Development Assistance account managed by USAID. Although we have had several discussions with officials at State and USAID, neither the amount nor timing of the transfer has been determined. Kaplan shared with board members a copy of a bipartisan letter from ten Members of the House that was sent to Secretary John Kerry and USAID Administrator Gayle Smith on April 27 urging the \$15 million transfer as soon as possible.

FY17 President's Request. The President requested a \$22.2 million appropriation for the IAF in FY17, and IAF staff have had several meetings with staff of the appropriations committees over the last few weeks. Several House Members have signed a bipartisan letter supporting another transfer to the IAF for the Central America strategy. A few Members have also told us that they have sent letters supporting an increase in the IAF's base budget.

Amending the IAF Statute. In April, the Office of Management and Budget (OMB) cleared the IAF to transmit to Congress an amendment to the IAF Act that would authorize the creation of a subsidiary corporation. The IAF board of directors considered and approved a few revisions to the draft amendment approved by the board last year. The IAF will submit the proposed amendment to Vice President Biden (in his role as President of the Senate) and Speaker of the House Paul Ryan. Representatives Matt Salmon (R-AZ) and Eliot Engel (D-NY), both of whom are on the IAF's authorizing committee, have indicated their intent to co-sponsor the amendment. Committee chairman Ed Royce (R-CA) has also expressed support. IAF staff have been in contact with staffers in the Senate to identify potential sponsors in that chamber.

Fox News Story on INSAMI. On April 15, Fox News ran a story featuring IAF grantee partner, Instituto Salvadoreño del Migrante (INSAMI). The story received 3,200 comments on the Fox website in the first 20 hours, then comments slowed to a trickle. The IAF decided not to comment on the story after-the-fact and has received no further media inquiries. At the same time, staff have prepared a point-by-point rebuttal in order to respond to any questions from Congress or if a public statement becomes necessary. There was a brief discussion on how the story misrepresented the grant and insinuated that the IAF is providing cash to deportees. There was also some discussion on the merits of working effectively with returned migrants in their home countries. Several participants expressed their continued support for the work of the foundation in this complex area.

IAF Fellowship Program. Kaplan reported on the Fellows mid-year conference held in Mexico City in February. He and managing director Stephen Cox both noted greater integration between the Fellows and the development grants program. The IAF has extended offers to 16 Ph.D students for

the 2016 - 2017 Fellows program. The May management report will provide specific information on each of the Fellows and their research topics once they have responded to the offer.

Learning and Evaluation. As reported in previous management reports, the IAF posted to our website in January a case study on why IAF grantee partners think our evaluation and reporting process strengthens their organizations. The case study was prepared by *Giving Evidence*, a specialized consultancy. The consultant also prepared an internal report on how our monitoring and evaluation system can generate more value for the foundation while preserving value for our grantee partners. We are using the consultant's analysis and recommendations as an input as we re-think our learning and evaluation system this year under the leadership of Stephen Cox, managing director for networks and strategic initiatives.

Kaplan reported that Emilia Rodriguez-Stein, the foundation's long-time director of evaluation, retired on April 30. The IAF honors her service of over 17 years and wishes her very well.

New Associate General Counsel. General Counsel Paul Zimmerman introduced Ravi Kambhampaty, who joined the IAF in April as associate general counsel. Kambhampaty spent the last few years working on immigration issues and is a member of the US Army Reserves as a Judge Advocate General (JAG) officer. He has overseas experience, including in Afghanistan and Colombia. Kambhampaty most recently served in the Security Cooperation Office at the US Embassy in Colombia in support of US Southern Command.

## **B. Update on Central America Strategy (Marcy Kelley)**

Managing director Marcy Kelley reported that 97 of the IAF's 280 active grants are in Central America and Mexico, representing an IAF investment of \$22 million, which in turn has leveraged over \$30 million in counterpart funding. The northern triangle countries plus Nicaragua represent 68 percent of the Central America and Mexico portfolio and includes 75 active grants. IAF grants in the northern triangle total \$16.9 million and have leveraged an additional \$17.6 million (just over a one to one match) in counterpart.

This concentration of grantmaking was a concerted effort over the last two years following the sharp increase in arrivals at the border of unaccompanied children in the summer of 2014. In FY14, 33.5 percent of the IAF's portfolio was in the three northern triangle countries increasing to 37 percent by FY15. For FY17, the IAF estimates that 39 percent of funding will be focused in the northern triangle countries (without Mexico and not including counterpart funding).

Kelley outlined how the IAF's investment in the northern triangle countries aligns with the United States' Strategy for Engagement in Central America, particularly the pillars on prosperity and governance. She showed a map (including Nicaragua) of active projects by municipality. IAF grantee partners work in almost 14 percent of the total municipalities in the four countries, and there is a high degree of overlap with high sending areas. Additional funding would enable the IAF to mobilize the extensive network of civil society organizations that are already plugged into these

communities, while at the same time expanding the network into other high priority areas. Currently, the IAF is only funding about 11 percent of proposals that are submitted.

This grantmaking is complemented by strategic investments in collaboration and capacity building, which are intrinsic to the IAF's approach to partnering with grassroots organizations. Specific examples include: supporting grantee partners in coordinated efforts to mitigate the impacts of the drought in Honduras, and bringing together Northern Triangle partners working with youth to discuss how they can coordinate to take better advantage of their distinctive skills. The IAF is also identifying more broadly shared capacity building priorities to guide our efforts to identify high-quality services to strengthen our partners.

### **C. Reflection on post-accords Colombia (Juanita Roca with Jenny Petrow)**

Juanita Roca and Jenny Petrow, from the networks and strategic initiatives office, share responsibility for the Colombia portfolio. Roca and Petrow presented an overview of the peace process and the IAF Colombia portfolio before discussing efforts to take advantage of this historical opportunity.

Colombia is home to the longest running internal conflict in the Western Hemisphere with over 500,000 deaths (mainly affecting poor civilians) and six million internally-displaced persons (IDPs). Four years ago, the IAF began exploring the notion of "chronic violence," where sustained violence, as in the case of Colombia, transforms social relations and becomes a "new normal." Roca outlined the principal features of recent United States aid under "Plan Colombia" starting in 2000. The next phase of this strategy, "Plan Colombia 2.0" or "Paz Colombia," focuses on strengthening security and combating drugs with \$450 million over the next ten years in "post-conflict era" Colombia.

Next Roca put the ongoing peace negotiations between the government of Colombia and the *Fuerzas Armadas Revolucionarias de Colombia* (FARC) in its historical context, considering four previous attempts at negotiations with the FARC, the demobilization of four guerrilla groups, and the demobilization of the largest paramilitary group. This time, the negotiations are taking place without a preconditioned ceasefire or demilitarized zones, and Colombian society is mobilized as never before. Since beginning negotiations in Havana in October 2012, agreements have been reached on four of the five pre-defined agendas.

Against this backdrop, Petrow provided an overview of the IAF's active portfolio in Colombia. There are currently 17 active grants in eight departments, including one regional grant. The portfolio is evenly divided between grassroots groups, NGOs, and a few corporate social investment agreements. Six grants focus on rural livelihoods and climate change, four on diversity and inclusion, four on participation and governance and three focus on private sector (Consortio, RedEAMerica, Holcim). The total IAF investment in the country is about \$8.5 million with \$4.1 million coming from the IAF and \$4.4 million leveraged from counterparts. The IAF is seeking to expand into new areas and anticipates at the end of this funding period to have expanded into 13 departments with a total of 25 grants.

In a consultation process that has involved multiple meetings held by different stakeholders, including government, civil society, and academics, the IAF and our grantee partners see clearly how peacebuilding happens at the local level and how our grantee partners can be part of the solution. This realization underlines the importance of hearing local voices and building upon existing community processes.

In this context, IAF grantee partners engage in four main activities that contribute to the local peacebuilding process. First, they participate in the creation and implementation of local development plans. For example, *Fundación Mujer y Futuro* also works to improve the decision-making power of women in the *Juntas de Accion Comunal* and to get a percentage of the local budgets dedicated to issues relevant to women. Second, they grow practical awareness of human rights, like the Nelson Mandela training school run by Cimarron that trains Afro-Colombian women, the majority of whom are displaced, in rights, political participation, and advocacy. Third, they help create economic alternatives. At least six IAF grantee partners focus on livelihoods. The majority are rural, and many are trying to link rural youth with economic opportunities by focusing on adding value to products (honey, panela, coffee, etc.), establishing market links and agro-ecological productions. Fourth, they build skills for the prevention of violence. For instance, *Corporacion Taller Prodesal* manages a multi-pronged strategy with women and youth whose lives are affected by violence -- getting youth involved in youth municipal committees and supporting small businesses started by participating youth.

Looking ahead, the IAF will continue to network with key stakeholders, offer grantee partner additional tools and resources to respond to opportunities to participate in peacebuilding, promote peer to peer learning with current and prospective partners, and continue responsive grantmaking particularly in key strategic areas.

#### **D. Reflections on board trip to Ecuador**

Chairman Eddy Arriola noted that he has now participated in two board trips and that they are a great way to understand the implications of the IAF's work by putting it in proper perspective. He commented that meetings with US government officials in the countries he has visited have been very informative. There was some discussion on the IAF's visibility with local and national governments and the IAF's efforts to increase visibility in recent years. There were some brief comments on IAF branding challenges, opportunities for nurturing goodwill ambassadors and prospective fostering of partnerships. Concluding remarks on the board trip to Ecuador included thank you's for planning and preparing a comprehensive and informative agenda, which was carried out without a hitch! There was agreement that these trips are great for board member interaction with each other, staff, and the work of the IAF on the ground.

## **V. PROCESSING BOARD MINUTES (Paul Zimmerman)**

IAF General Counsel, Paul Zimmerman presented agency thinking around processing of board minutes. His presentation addressed two main questions, 1) should the IAF post minutes to the website? And 2) should the IAF minutes be more summary, more detailed, or are they just right in their current format?

The Freedom of Information Act (FOIA) imposes two basic obligations on federal agencies. First, they must respond to requests for agency records as they are received. Second, they must proactively disclose certain records before any request is made. When the IAF receives a FOIA request for board minutes, the general counsel reviews and redacts them, if appropriate, before disclosure. The IAF does not provide draft minutes because they are still subject to amendment until approved by the board, normally at the subsequent meeting of the board. Over the last five years, the IAF has received several requests and released minutes of ten different board meetings.

The IAF currently proactively discloses many documents, notices and reports by posting them to the IAF website. We do not post board minutes on the website, and at least one FOIA requester has specifically urged the IAF to do so. At present, there is no standard throughout the federal government; some agencies post their board minutes while others do not.

Zimmerman briefly reviewed the practices at the Millennium Challenge Corporation (MCC), Overseas Private Investment Corporation (OPIC), and United States African Development Foundation (USADF). The MCC and OPIC post summary minutes, while the USADF does not.

Next Zimmerman summarized the IAF's current practice regarding the format of IAF board minutes. He provided an overview of the process by which the IAF prepares, reviews and approves detailed summary minutes, which record decisions summarize discussion items in general terms in about 10-12 pages. He noted that the IAF maintains and archives a complete audio recording of its board minutes. The detail and specificity of minutes varies greatly across government, and there is no 'one size fits all' approach. For example, minutes from the MCC and OPIC are considerably more brief than IAF board minutes.

The meeting participants then engaged in a brief discussion of the benefits and disadvantages of posting minutes on the website. Participants generally considered that length and format of the board minutes as currently drafted to be appropriate for the IAF.

## **VI. IAF'S 50<sup>TH</sup> ANNIVERSARY (Robert Kaplan, Manny Nuñez, Juan Carlos Iturregui)**

Established by Congress in 1969, the IAF will celebrate its 50th anniversary in 2019. The FY19 budget will be the first one prepared fully under the leadership of the presidential administration that will take office next January. With this in mind, board member Juan Carlos Iturregui recently suggested that this could be a timely opportunity to call attention to the IAF's work and impact in

order to energize the foundation's fundraising efforts, marrying both public and private sources to strengthen its financial position.

To frame the discussion, Kaplan reiterated that funds received by the IAF through the SPTF are dwindling and will soon end. The IAF has \$4.6 million from the SPTF for grantmaking in FY16; that drops to \$3.6 million in FY17. After that, there is only about \$11 million to be returned to the United States over the following 14 years. This drop in recoveries from the SPTF, coupled with flat appropriations at \$22.5 million since FY10, have led the IAF to begin fundraising efforts over the last few years, with very modest success. OMB has also encouraged the IAF to diversify funding streams.

Núñez provided a brief overview of how the IAF has approached fundraising. Our work to date has mainly prepared the stage to effectively answer questions regarding who the foundation is, the work that we do, and why donors should want to fund our work. Most fundraising success to date has come from the State Department and foundations rather than from the private sector. The IAF has fallen short of its fundraising targets in each of the last few years. That is also likely to be the case in FY16. The IAF's FY17 goal is to raise \$1 million from the private sector and \$500,000 from the public sector. Over the longer term, we aim to raise from non-Congressional sources as much as 25 percent to one-third of the IAF's annual budget. Kaplan noted that this longer term goal reflects the experience of the International Development Research Centre (IDRC), a Canadian crown corporation somewhat analogous to the IAF, though working worldwide. Importantly, very little of the IDRC's fundraising supports its work in Latin America and the Caribbean.

Núñez discussed strategy and targeting, mainly focusing on who the focus will be, how we will evaluate donor potential, and the types of funding we will seek from them. He mentioned that these are all questions for which we must first develop clear answers. Finally, he introduced the IAF's new donor engagement coordinator, Ms. Lauren Woodham, who came on board in January.

Juan Carlos Iturregui commented that the IAF is about 30 months away from its 50th anniversary, and that it is not too early to start thinking about how to use the anniversary to bolster fundraising efforts, which would ideally involve both public and private sources. In this context, it is auspicious that OMB recently cleared for submission to Congress draft legislation amending the IAF's statute to authorize establishment of a subsidiary corporation.

Iturregui affirmed that among the IAF's most important fundraising assets are the board and advisory council's untapped relationships at the individual or corporate level. He proposed that each board member could come up with a list of potential contacts who might be interested in supporting the IAF monetarily. The IAF could then begin to cultivate those relationships and get the ball rolling, again with the 50th anniversary as a useful motivator. A short and enthusiastic discussion took place, mainly around how to go about this and the importance of partnerships particularly those between private and public sectors. Participants also discussed how being a government

agency might affect the IAF's ability to raise funds. It is also critical that Congress be on board with this strategy.

Iturregui proposed next steps, including setting a schedule of meetings to discuss how to support the amendment to the IAF's enabling legislation, draft a blueprint for a fundraising strategy around the 50th anniversary, and for each board member to come up with and share a list of 10 - 15 ideas, targets, or relationships to explore.

## **VII. ADJOURNMENT**

The meeting was adjourned at 1:20 p.m. by Chairman Arriola.

## **DATES FOR MEETINGS IN 2016**

The board will have a conference call on Wednesday, August 3. The next board meeting will include the full advisory council and will take place in Washington, DC on Monday, November 14.